

Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 IO-12 ADP-00 COME-00 CIAE-00 INR-10

NSAE-00 RSC-01 HEW-08 SCI-06 CG-00 FMC-04 L-03 CIEP-02

AID-20 TRSE-00 OMB-01 SIL-01 LAB-06 RSR-01 /097 W
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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3581

INFO US MISSION GENEVA 1055

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS NEW DELHI 3895

E. O. 11652: N/ A

TAGS: ECRP, IN

SUBJECT: INDIA ANNOUNCES CHANGE IN IMPORT POLICY, CERP 060

BEGIN SUMMARY: INDIA HAS ANNOUNCED REVISION OF IMPORT POLICY
USUALLY DONE ABOUT THIS TIME YEARLY. CHANGES ARE DESIGNED TO EXTEND
STATE CONTROL OVER IMPORTS AND INDUSTRY, INCREASE INDIA'S
SELF- RELIANCE AND ENCOURAGE EXPORTS. PRINCIPAL CHANGES WERE ADDI-
TION TO LIST OF ITEMS WHICH CAN BE IMPORTED ONLY BY STATE AGENCIES,
ADDITION TO LIST OF ITEMS WHICH CANNOT BE IMPORTED AT ALL, AND
ADDITIONS TO LIST OF INDUSTRIES THAT MUST EXPORT A PORTION OF THEIR
PRODUCTION. END SUMMARY

1. INDIA ANNOUNCED REVISION OF IMPORT POLICY ON APRIL 2.
SUCH REVISIONS ARE CUSTOMARILY MADE SHORTLY AFTER INDIAN
FISCAL YEAR OPENS ON APRIL 1. THE CHANGES ARE CONSISTENT
WITH PREVIOUS POLICY AND REPRESENT A FURTHER EXTENSION OF
CONTROL AND GUIDANCE OVER THE INDIAN ECONOMY. SPECIFICALLY
THEY: (A) INCREASE NUMBER OF ITEMS THAT CAN BE IMPORTED ONLY
THROUGH STATE TRADING CORPORATION (STC) AND OTHER GOVERNMENT
PURCHASING AGENCIES; (B) ADD ITEMS THAT CANNOT BE IMPORTED;
(C) EXTEND RESTRICTIONS OVER CERTAIN OTHER IMPORTS; (D) IMPOSE
EXPORT OBLIGATIONS ON ADDITIONAL INDUSTRIES; (E) PUT ADDITIONAL
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INDUSTRIES ON THE PRIORITY LIST OF FAVORED INDUSTRIES, WHICH ENTITLES THEM TO PREFERRED TREATMENT FOR IMPORTS; (F) GIVE IMPORT INCENTIVES TO INDUSTRIES WHICH DOUBLE THEIR EXPORTS; AND (G) SIMPLIFY AND LIBERALIZE SLIGHTLY CERTAIN IMPORT RESTRICTIONS.

2. THE 20 NEW ITEMS WHICH CAN BE IMPORTED ONLY BY STATE TRADING AGENCIES INCLUDE 12 CHEMICAL AND PHARMACEUTICAL ITEMS (E. G., AMPICILLIN TRIHYDRATE, FURSEMIDE) WHICH WILL BE IMPORTED ONLY THROUGH STC, 4 METALS ITEMS (COPPER PIPES AND TUBES, BRONZE ALLOY WIRES, ANTIMONY METAL, AND NICKEL ALLOY SHEETS) WHICH WILL BE IMPORTED ONLY THROUGH THE MINERALS AND METALS TRADING CORPORATION, STYRENE (STC), AND SHIPS FOR BREAKING UP (METALS SCRAP CORPORATION). THE ADDITIONS ARE IN LINE WITH POLICY OF PROGRESSIVELY CENTRALIZING IMPORTS INTO STATE AGENCY HANDS. BEYOND WHAT IS THOUGHT TO BE ADVANTAGES OF BULK BUYING, THE IDEA IS ALSO FOR THE INDIAN PUBLIC RATHER THAN INDIVIDUAL IMPORTERS TO REAP THE PROFITS.

3. THE 220 NEW ITEMS BANNED FOR IMPORTATION ARE CONFINED TO VARIOUS BALL BEARINGS AND ROLLER BEARINGS, CERTAIN MACHINE TOOLS, DRILLS AND SAWS, CERTAIN MACHINERY ITEMS AND SPARE PARTS, CERTAIN CABLES AND WIRES, AND A FEW CHEMICALS AND PHARMACEUTICALS. THE THEORY BEHIND BANNING THE IMPORTS IS THAT INDIA HAS SUFFICIENT CAPABILITY IN THESE AREAS AND FOREGOING IMPORTS WILL SAVE FOREIGN EXCHANGE.

4. THE 55 ITEMS ADDED TO RESTRICTED LIST FOR THE IMPORTS INCLUDE CERTAIN BALL AND ROLLER BEARINGS AND CHEMICALS AND PHARMACEUTICALS. BY RESTRICTING IMPORTS TO ACTUAL USERS AND TO AMOUNTS BELOW THEIR ACTUAL NEEDS, THE HOPE IS TO INDUCE DOMESTIC INDUSTRY TO PRODUCE THESE ITEMS.

5. A LARGER NUMBER OF INDUSTRIES IN THE PRIORITY SECTOR ARE NOW REQUIRED TO EXPORT 5 PERCENT OF THEIR PRODUCTION OR LOSE PART OF THEIR FAVORED TREATMENT ON IMPORT LICENSING, ETC. EXPORT OBLIGATIONS ARE ALSO IMPOSED ON 5 INDUSTRIES IN THE NON PRIORITY SECTOR, INCLUDING RADIO RECEIVERS, EYEGLASS FRAMES AND VACUUM FLASKS. THESE INDUSTRIES ARE ALREADY EXPORTING, BUT THE GOVERNMENT THINKS THEY COULD BE DOING BETTER.

6. AMONG 11 INDUSTRIES ADDED TO THE PRIORITY LIST ARE HOSIERY
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NEEDLES, ROAD ROLLERS, POLYSTYRENE, STEEL WIRES, INDUSTRIAL

CHAINS, PVC RESINS AND DIESEL LOCOMOTIVES.

7. INDUSTRIES WHICH DOUBLE THEIR EXPORTS WILL BE GIVEN FAVORED TREATMENT IN IMPORTATION OF RAW MATERIALS AND MORE LIBERAL REPLENISHMENT IMPORT LICENSES.

8. PROCESSING OF CAPITAL GOODS IMPORT LICENSE APPLICATIONS IS SIMPLIFIED BY NO LONGER REQUIRING INTENDING IMPORTERS TO OBTAIN NON- AVAILABILITY CERTIFICATE FROM DOMESTIC PRODUCERS FOR SEVERAL ITEMS. EXPORTERS WILL OBTAIN ADVANCE LICENSES FOR IMPORTED INPUTS MORE EASILY.

9. 3. COPIES OF VOLUMES I AND II OF IMPORT TRADE CONTROL POLICY AIR POUCHED APRIL 4. MOYNIHAN

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